

## **Assessing the Medicare Benefit Package: Introduction and Perceived Inadequacies**

**ISSUE:** The Medicare benefits package was created in 1965 to protect the elderly from the financial consequences of not being able to afford medical care. The goal of the program was to ensure that the elderly had access to the medical care purchased by the working population. The design of the benefit package in 1965 reflected this goal. The founders of the Medicare program did not, however, want to interfere in the practice of medicine or in the way that medical care was delivered.

The relevant issue today is whether a reassessment of the Medicare benefit package is necessary. Do the changes since 1965 in the beneficiary profile, medical practice, technological innovations, and disease prevalence, among others, warrant an examination of the current Medicare benefit package? And if so, how can the benefit package be changed to better meet the needs of Medicare beneficiaries.

**KEY POINTS:** The goal of this presentation is to provide commissioners with relevant information to begin to examine the strengths and weaknesses of the current Medicare benefit package. Specifically, two panels are presented:

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| Panel I  | Perspectives                                    |
|          | – Short history of the Medicare program         |
|          | – Changing beneficiary profile                  |
|          | – Total health care spending on the elderly     |
| Panel II | Perceived inadequacies of the benefit package   |
|          | – Financial liability and risk                  |
|          | – Care of beneficiaries with chronic conditions |
|          | – Primary and preventive care                   |

**ACTION:** This meeting is intended to inform commissioners on background topics related to the June 2002 Report.

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